

Calendar No. 484

106TH CONGRESS
2D SESSION**S. 2346****[Report No. 106–253]**

To amend the Internal Revenue Code of 1986 to reduce the marriage penalty by providing for adjustments to the standard deduction, 15-percent and 28-percent rate brackets, and earned income credit, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 4, 2000

Mr. ROTH, from the Committee on Finance, reported the following original bill; which was read twice and placed on the calendar

A BILL

To amend the Internal Revenue Code of 1986 to reduce the marriage penalty by providing for adjustments to the standard deduction, 15-percent and 28-percent rate brackets, and earned income credit, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE, ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Marriage Tax Relief Act of 2000”.

1 (b) SECTION 15 NOT TO APPLY.—No amendment
 2 made by this Act shall be treated as a change in a rate
 3 of tax for purposes of section 15 of the Internal Revenue
 4 Code of 1986.

5 **SEC. 2. ELIMINATION OF MARRIAGE PENALTY IN STAND-**
 6 **ARD DEDUCTION.**

7 (a) IN GENERAL.—Paragraph (2) of section 63(c) of
 8 the Internal Revenue Code of 1986 (relating to standard
 9 deduction) is amended—

10 (1) by striking “\$5,000” in subparagraph (A)
 11 and inserting “200 percent of the dollar amount in
 12 effect under subparagraph (C) for the taxable year”;

13 (2) by adding “or” at the end of subparagraph
 14 (B);

15 (3) by striking “in the case of” and all that fol-
 16 lows in subparagraph (C) and inserting “in any
 17 other case.”; and

18 (4) by striking subparagraph (D).

19 (b) TECHNICAL AMENDMENTS.—

20 (1) Subparagraph (B) of section 1(f)(6) of such
 21 Code is amended by striking “(other than with” and
 22 all that follows through “shall be applied” and in-
 23 serting “(other than with respect to sections
 24 63(c)(4) and 151(d)(4)(A)) shall be applied”.

1 (2) Paragraph (4) of section 63(c) of such Code
 2 is amended by adding at the end the following flush
 3 sentence:

4 “The preceding sentence shall not apply to the
 5 amount referred to in paragraph (2)(A).”.

6 (c) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply to taxable years beginning after
 8 December 31, 2000.

9 **SEC. 3. PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT**
 10 **AND 28-PERCENT RATE BRACKETS.**

11 (a) IN GENERAL.—Subsection (f) of section 1 of the
 12 Internal Revenue Code of 1986 (relating to adjustments
 13 in tax tables so that inflation will not result in tax in-
 14 creases) is amended by adding at the end the following
 15 new paragraph:

16 “(8) PHASEOUT OF MARRIAGE PENALTY IN 15-
 17 PERCENT AND 28-PERCENT RATE BRACKETS.—

18 “(A) IN GENERAL.—With respect to tax-
 19 able years beginning after December 31, 2001,
 20 in prescribing the tables under paragraph (1)—

21 “(i) the maximum taxable income
 22 amount in the 15-percent rate bracket, the
 23 minimum and maximum taxable income
 24 amounts in the 28-percent rate bracket,
 25 and the minimum taxable income amount

in the 31-percent rate bracket in the table contained in subsection (a) shall be the applicable percentage of the comparable taxable income amounts in the table contained in subsection (c) (after any other adjustment under this subsection), and

“(ii) the comparable taxable income amounts in the table contained in subsection (d) shall be $\frac{1}{2}$ of the amounts determined under clause (i).

“(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

“For taxable years beginning in calendar year—	The applicable percentage is—
2002	170.3
2003	173.8
2004	180.0
2005	183.2
2006	185.0
2007 and thereafter	200.0.

“(C) ROUNDING.—If any amount determined under subparagraph (A)(i) is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50.”.

(b) TECHNICAL AMENDMENTS.—

1 (1) Subparagraph (A) of section 1(f)(2) of such
 2 Code is amended by inserting “except as provided in
 3 paragraph (8),” before “by increasing”.

4 (2) The heading for subsection (f) of section 1
 5 of such Code is amended by inserting “PHASEOUT
 6 OF MARRIAGE PENALTY IN 15-PERCENT AND 28-
 7 PERCENT RATE BRACKETS;” before “ADJUST-
 8 MENTS”.

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to taxable years beginning after
 11 December 31, 2001.

12 **SEC. 4. MARRIAGE PENALTY RELIEF FOR EARNED INCOME**
 13 **CREDIT.**

14 (a) IN GENERAL.—Paragraph (2) of section 32(b) of
 15 the Internal Revenue Code of 1986 (relating to percent-
 16 ages and amounts) is amended—

17 (1) by striking “AMOUNTS.—The earned” and
 18 inserting “AMOUNTS.—

19 “(A) IN GENERAL.—Subject to subpara-
 20 graph (B), the earned”; and

21 (2) by adding at the end the following new sub-
 22 paragraph:

23 “(B) JOINT RETURNS.—In the case of a
 24 joint return, the phaseout amount determined

1 under subparagraph (A) shall be increased by
2 \$2,500.”.

3 (b) INFLATION ADJUSTMENT.—Paragraph (1)(B) of
4 section 32(j) of such Code (relating to inflation adjust-
5 ments) is amended to read as follows:

6 “(B) the cost-of-living adjustment deter-
7 mined under section 1(f)(3) for the calendar
8 year in which the taxable year begins,
9 determined—

10 “(i) in the case of amounts in sub-
11 sections (b)(2)(A) and (i)(1), by sub-
12 stituting ‘calendar year 1995’ for ‘calendar
13 year 1992’ in subparagraph (B) thereof,
14 and

15 “(ii) in the case of the \$2,500 amount
16 in subsection (b)(2)(B), by substituting
17 ‘calendar year 2000’ for ‘calendar year
18 1992’ in subparagraph (B) of such section
19 1.”.

20 (c) ROUNDING.—Section 32(j)(2)(A) of such Code
21 (relating to rounding) is amended by striking “subsection
22 (b)(2)” and inserting “subsection (b)(2)(A) (after being
23 increased under subparagraph (B) thereof)”.

1 (d) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to taxable years beginning after
 3 December 31, 2000.

4 **SEC. 5. PRESERVE FAMILY TAX CREDITS FROM THE ALTER-**
 5 **NATIVE MINIMUM TAX.**

6 (a) IN GENERAL.—Subsection (a) of section 26 of the
 7 Internal Revenue Code of 1986 (relating to limitation
 8 based on tax liability; definition of tax liability) is amend-
 9 ed to read as follows:

10 “(a) LIMITATION BASED ON AMOUNT OF TAX.—The
 11 aggregate amount of credits allowed by this subpart for
 12 the taxable year shall not exceed the sum of—

13 “(1) the taxpayer’s regular tax liability for the
 14 taxable year reduced by the foreign tax credit allow-
 15 able under section 27(a), and

16 “(2) the tax imposed for the taxable year by
 17 section 55(a).”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Subsection (d) of section 24 of such Code
 20 is amended by striking paragraph (2) and by redes-
 21 ignating paragraph (3) as paragraph (2).

22 (2) Section 32 of such Code is amended by
 23 striking subsection (h).

24 (3) Section 904 of such Code is amended by
 25 striking subsection (h) and by redesignating sub-

1 sections (i), (j), and (k) as subsections (h), (i), and
2 (j), respectively.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2001.

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